

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SAM-01 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00 PA-01

PRS-01 L-03 SS-15 NSC-05 /081 W
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R 011335Z OCT 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 4457

INFO USMISSION EC BRUSSELS

AMEMBASSY LONDON

AMEMBASSY MADRID

AMCONSUL PONTA DELGADA

AMCONSUL OPORTO

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

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EO 11652: N/A

TAGS: EFIN, CPRS, PO

SUBJ: FOREIGN EXCHANGE RESTRICTIONS ON TRAVEL

REF: LISBON 0852, 4506, 5656 NOTAL

BEGIN UNCLASSIFIED

1. BANK OF PORTUGAL (BOP) COMMUNIQUE CARRIED IN SEPT 27
PRESS ANNOUNCED FURTHER FOREIGN EXCHANGE RESTRICTIONS FOR
PORTUGUESE RESIDENTS. BOP SAID RESTRICTIONS NECESSARY DUE TO
DOMESTIC SHORTAGE OF FOREIGN CURRENCY AND COINS BECAUSE OF
"SPECULATIVE" HOARDING.

2. RESIDENTS RETURNING FROM ABROAD WILL BE REQUIRED TO RESELL
TO AN AUTHORIZED BROKER WITHIN 30 DAYS OF RETURN (IF THEY DO
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NOT LEAVE COUNTRY AGAIN WITHIN PERIOD), ANY FOREIGN EXCHANGE

THEY RETAIN. RESIDENTS PURCHASING FOREIGN EXCHANGE WHO DO NOT
MAKE TRIP WILL HAVE TO RESELL IT WITHIN 30 DAYS OF PURCHASE.

3. BOP COMMUNIQUE ALSO "SUGGESTS" THAT TRAVELLERS BUY ONLY
ENOUGH FOREIGN CURRENCY TO MEET "IMMEDIATE" EXPENDITURES ABROAD,
TAKING THE REMAINDER OF THEIR FOREIGN EXCHANGE ALLOWANCE IN
TRAVELLERS' CHECKS OR BANK TRANSFERS. END UNCLASSIFIED.

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4. COMMENT: A. NEW REGULATION IS ONE OF SERIES GOP HAS ISSUED
THIS YEAR TO HALT CAPITAL FLIGHT AND TO DEPRESS DEMAND FOR
FOREIGN EXCHANGE--E.G., SEVERE RESTRICTIONS ON CREDIT CARDS
FOR PORTUGUESE RESIDENTS, ANNUAL LIMIT OF \$785 (\$100 IN ESCUDOS)
FOR SPENDING ABROAD BY RESIDENTS, STRICT ACCOUNTING REQUIREMENTS
FOR INTER-BANK TRANSFERS OF ESCUDOS, AND LIMITATION ON ESCUDOS
WHICH CAN BE BROUGHT INTO COUNTRY BY TRAVELLERS (REFTELS).

B. LATEST BOP COMMUNIQUE IS INDICATION OF GROWING INTERNAL
ESCUDO BLACK MARKET, A TENDENCY LIKELY TO BE ACCENTUATED BY
THIS REGULATION. IT WILL ALSO LIKELY HAVE LITTLE IMPACT AS
RESIDENTS WILL PROBABLY SPEND ALL THE MONEY THEY TAKE ABROAD
OR WILL PUT IT IN FOREIGN BANK ACCOUNTS.

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